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CSR Disclosure, Profitability, Capital Structure, and Firm Value in the Mining Sector

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ABSTRACT

Purpose – This study aims to analyze the influence of Corporate Social Responsibility (CSR) Disclosure, profitability, and capital structure on firm value within the mining sector listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. Firm value is proxied by the Price to Book Value (PBV) ratio; CSR is measured using the Corporate Social Responsibility Disclosure Index (CSRDI) based on GRI Standards 2021; profitability is measured by Return on Assets (ROA); and capital structure is measured by the Debt to Equity Ratio (DER).
Design/methodology/approach – The study employs a quantitative method utilizing panel data regression analysis. The sample was selected using a purposive sampling technique based on criteria requiring companies to consistently publish financial statements and sustainability reports and to generate consecutive profits, resulting in a sample of 24 companies and a total of 120 observations.
Findings – The results indicate that CSR has a significant negative effect on firm value, and profitability has a significant positive effect on firm value, whereas capital structure does not have a significant effect on firm value. These findings suggest that CSR disclosure is associated with lower firm value in this sample; however, this does not prove that investors view CSR as a cost burden, while a company's strong ability to generate profit serves as a positive signal to investors.
Originality/value – The implications for mining companies include the need to design CSR programs oriented toward long-term value creation, enhance asset management efficiency to sustain profitability, and optimize funding structures. For investors, these results serve as a basis for investment decision-making. For policymakers, the findings provide input for formulating policies that encourage responsible and sustainable CSR management to enhance firm value.

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1. Introduction

Firm value is a key indicator reflecting investor perceptions of a company's prospects and performance. (Gidus & Kurniawan, 2025). A high firm value indicates growing investor confidence in the company's ability to generate profit and sustain its business operations (Tarigan et al., 2022). Corporate value is generally reflected in the share price on the capital market; consequently, companies are required to improve both their financial and non-financial performance to remain attractive to investors (Hanifah & Widyaningsih, 2025). Thus, firm value serves as a benchmark for shareholder wealth and a basis for decision-making by stakeholders.

The mining sector plays a strategic role in Indonesia's economy. Indonesia is rich in natural resources such as coal, nickel, tin, gold, copper, and other minerals that serve as vital commodities for both domestic and international industrial needs. (Gonzales, 2022). The mining sector's contribution to the national economy is reflected in its role regarding exports, state revenue, employment, and the supply of industrial raw materials. (Sapitri & Sopiana, 2025). On the other hand, however, the capital-intensive nature of the mining industry entails high operational risk and makes it highly susceptible to global commodity price fluctuations (Irwan et al., 2026).

Despite their significant economic contribution, the operational activities of mining companies also have a substantial impact on the environment and surrounding communities. Activities involving the exploration and exploitation of natural resources have the potential to cause environmental degradation, ecosystem changes, air and water pollution, and social conflict if not managed responsibly. (Sinta et al., 2024). Therefore, mining companies are expected not only to focus on profit generation but also to fulfill their social and environmental responsibilities through the implementation of Corporate Social Responsibility (CSR) Disclosure. CSR disclosure serves as a form of corporate accountability to stakeholders, as well as a means to gain social legitimacy and enhance the company's reputation (A. F. Anggraeni et al., 2024).

The relationship between CSR and firm value continues to yield mixed results. Theoretically, CSR disclosure can enhance investor confidence by demonstrating a company's commitment to business sustainability, good corporate governance, and concern for social and environmental aspects. (Gupita, 2025). However, the implementation of CSR programs also entails significant costs; consequently, in the short term, it can reduce corporate profits and influence investor perceptions of the company's value. (Nopriyanto, 2024). These differing perspectives make the relationship between CSR and firm value a compelling topic for research, particularly in the mining sector, which bears a complex burden of social responsibility.

In addition to CSR, profitability and capital structure are also believed to influence firm value. Profitability reflects a company's ability to generate earnings through the utilization of its assets and capital; high profitability signals to investors that the company possesses strong operational performance and promising growth prospects. Meanwhile, capital structure represents the composition of a company's financing, derived from both debt and equity. While an optimal proportion of debt can enhance firm value through tax shield benefits, excessive debt usage can increase the risk of bankruptcy and diminish investor confidence. Both factors serve as crucial information that investors consider when evaluating a company's prospects.

Various studies on the influence of Corporate Social Responsibility, profitability, and capital structure on firm value continue to show inconsistent results, Anggraeni et al. (2024) shows that CSR has a negative and significant effect on company value, whereas Zulfiqar et al. (2025) found that compliance costs associated with CSR disclosure can exert pressure on firm value. On the other hand, Radja, (2025) as well as Anggraini & Santoso, (2025) proves that profitability has a positive effect on company value. Research on capital structure also produces different findings, where Alifian & Susilo, (2024) found a significant effect, whereas Pitaloka & Setyabudi (2025) as well as Silitonga et al. (2025) ...indicate otherwise. The novelty of this study lies in its focus on mining sector companies listed on the Indonesia Stock Exchange (IDX) over a more current observation period (2021–2025), as well as the measurement of CSR using the Corporate Social Responsibility Disclosure Index (CSRDI) based on the 2021 GRI Standards.

The mining sector is unique due to its environmentally sensitive nature, characterized by high costs associated with environmental remediation and rehabilitation, as well as significant social demands. In this context, investors no longer view the scope of CSR as a voluntary signal of management quality; instead, they regard it as a proxy for costs and the risk of pressures that could squeeze future margins. Conversely, in environmentally non-sensitive industries, CSR tends to be viewed positively (Prabaningrum & Santoso, 2025). The mixed results of prior studies reflect not merely data inconsistency but rather industry-specific differences specifically environmental sensitivity that have not been explicitly accounted for in analytical frameworks. This study addresses that gap by explicitly positioning the mining sector as an environmentally sensitive industry.

In commodity-based industries such as mining, price volatility and unstable cash flows lead investors to rely more on measurable financial signals (profitability) than on non-financial signals (CSR), the benefits of which are difficult to quantify. This argument aligns with Signaling Theory: when uncertainty is high, investors tend to prioritize information with the strongest predictive power regarding future cash flows namely profitability over information with ambiguous, long-term impacts, such as CSR. This study provides evidence that under conditions of commodity-related uncertainty, financial signals (profit) are more dominant than non-financial signals (CSR disclosure).

In sectors heavily reliant on global commodity prices, market valuation is driven more by fundamental prospects and commodity prices than by a company's internal financing structure. Investors recognize that the cash flows of mining companies are highly volatile, tracking commodity cycles; consequently, leverage levels (Debt-to-Equity Ratio) lose their signaling power in explaining market valuation. These findings support the view that, within the commodity context, the validity of the Trade-Off Theory which assumes that optimal leverage enhances value is diminished, thereby lending support to the Pecking Order Theory and an investor focus on fundamentals rather than capital structure. Thus, this study contributes to explaining the conditions under which capital structure ceases to be a relevant determinant of firm value.

Based on the identified problems and the research gap outlined above, the objectives of this study are to: (1) analyze the effect of Corporate Social Responsibility (CSR) Disclosure on firm value in mining companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2025; (2) analyze the effect of profitability on firm value in mining companies listed on the IDX from 2021 to 2025; and (3) analyze the effect of capital structure on firm value in mining companies listed on the IDX from 2021 to 2025. The findings of this study are expected to contribute to

the development of accounting and finance knowledge specifically regarding the factors influencing firm value and serve as a reference for investors and corporate management in decision-making.

2. Literature Review & Hypothesis Development

2.1 Company Value

Corporate value represents the condition and performance of a company, as reflected in investors' perceptions of the company's success in managing all its resources. (Nasihin et al., 2025), which is often linked to the share price, because the higher the share price, the higher the company's value in the eyes of investors and prospective investors alike (Prameswari et al., 2026). High corporate value serves as a benchmark for shareholder wealth; consequently, management is required to continuously enhance corporate value through the optimal management of both financial and non-financial performance. (Tarigan et al., 2022). The concept of firm value is grounded in signaling theory, which explains that management—as the party possessing superior information (insiders) conveys signals to external parties (outsiders) to reduce information asymmetry between the company and investors. (Novita et al., 2022), ...whether financial or non-financial information—including disclosures regarding social responsibility which investors use as a basis for assessing a company's future prospects and quality. In this study, firm value is proxied by the Price to Book Value (PBV) ratio, which compares the market price of the stock to its book value per share. (Siti Rahayu et al., 2023), where a high PBV ratio indicates investor optimism regarding the company's growth prospects, while a low PBV ratio indicates a market valuation below the company's book value. (Qotimah et al., 2023).

2.2 Corporate Social Responsibility (CSR) Disclosure

Corporate Social Responsibility (CSR) Disclosure is a company's commitment to conducting business activities ethically while balancing economic, social, and environmental aspects to achieve sustainable development. (Stevie Kaligisa et al., 2025), which is not only oriented towards profit generation but also considers the well-being of the community (people) and environmental sustainability (planet), as recognized in the triple bottom line concept. (Stevie Kaligisa et al., 2025). For companies in the mining sector, the implementation of CSR is a crucial part of business strategy aimed at creating long-term value, maintaining harmonious relationships with stakeholders, and minimizing the negative impact of operational activities on the environment and the community. (Ningtyas et al., 2022). The implementation of CSR is based on Legitimacy Theory, which posits that companies must gain legitimacy from society for their activities to be accepted and sustained in the long term. (Gupita, 2025), as well as Stakeholder Theory, which posits that a company is accountable not only to shareholders but also to all stakeholders such as the government, employees, customers, suppliers, the community, and the environment. (Freeman, 1984). Furthermore, CSR disclosure can also be explained through Signaling Theory, wherein the disclosure of CSR activities serves as a positive signal demonstrating a company's commitment to business sustainability, good governance, and the management of social and environmental risks, thereby enhancing investor confidence. (Stevie Kaligisa et al., 2025). In this study, CSR is measured using the Corporate Social Responsibility Disclosure Index (CSRDI), based on the 2021 Global Reporting Initiative (GRI) Standards; a higher CSRDI score indicates more extensive disclosure of corporate social responsibility to stakeholders. (Ningtyas et al., 2022).

CSR as a practice refers to the series of activities and tangible resource allocations undertaken by a company such as empowerment programs, community rehabilitation, and the management of operational impacts that align with the triple bottom line concept people, planet, profit Stevie Kaligisa et al., (2025). CSR as a practice is not directly observed in this study. In contrast, CSR disclosure represents the information selected by management to communicate CSR activities to stakeholders. In this study, CSR is measured using the Corporate Social Responsibility Disclosure Index (CSRDI) based on the 2021 GRI Standards. A higher CSRDI score indicates a greater intensity of disclosure; it does not necessarily reflect superior environmental or social performance, nor does it directly represent the magnitude of resources allocated to CSR activities. This distinction is fundamental, as the entire analysis and interpretation in this study focus on the disclosure dimension (information disclosure) rather than the dimensions of CSR practice or performance. Legitimacy Theory and Stakeholder Theory are employed to explain why management chooses to disclose CSR information with varying degrees of extensiveness.

2.3 Profitability

Profitability is a financial performance indicator that measures a company's ability to generate profit from the management of its assets, capital, and sales, serving as a key benchmark for investors and creditors to assess the company's health. (Oktaviyah, 2024). This concept is based on signaling theory, where high profitability sends a positive signal and boosts investor confidence, whereas low profitability potentially dampens investment interest. (Alifian & Susilo, 2024). In this study, profitability is proxied by Return on Assets (ROA) the ratio of net income to total assets which reflects management's efficiency in utilizing the company's total assets. (Awliya, 2022).

2.4 Capital Structure

Capital structure refers to the financial decision regarding the funding mix of debt and equity, which influences risk, the cost of capital, and firm value. (Silitonga et al., 2025). Equity is considered safer but entails a high opportunity cost, whereas debt offers tax benefits (tax shields) but increases financial risk. (Setiawati & Ismanto, 2025). The Trade-Off Theory posits that debt can increase a firm's value up to a certain point, but an excessively high proportion of debt actually reduces it; meanwhile, the Pecking Order Theory emphasizes the use of internal funding over debt and equity issuance due to information asymmetry. (Astutik & Aditya, 2023). In this study, capital structure is measured by the Debt-to-Equity Ratio (DER)—the ratio of total debt to equity where a higher DER indicates greater reliance on debt and higher financial risk (Razak & Mustapha, 2023).

2.5 Hypothesis Development

Corporate Social Responsibility (CSR) Disclosure influences firm value

The relationship between CSR and firm value is explained through Legitimacy Theory and Stakeholder Theory, which state that the disclosure of social responsibility can enhance a company's legitimacy and image, thereby sending a positive signal and potentially increasing firm value. (Hanifah & Widyaningsih, 2025). However, empirical findings show mixed results Prabaningrum & Santoso, (2025) found that CSR had a significant positive effect on the manufacturing sector 2020–2023, while Anggraeni et al. (2024) found a significant negative impact on the mining industry because large CSR fund allocations suppressed short-term profits, and Zulfiqar et al. (2025) asserts that CSR disclosure compliance costs exceeding their benefits actually depress firm value. In environmentally sensitive industries (such as the

mining sector), CSR disclosure has a negative impact on firm value because investors view it as a cost burden and a short-term compliance risk.
H1: Corporate Social Responsibility (CSR) Disclosure influences firm value.
Profitability has a positive effect on firm value
The relationship between profitability and firm value is explained by Signaling Theory, which posits that high profits send a positive signal that boosts investor confidence, drives demand for shares, and increases firm value (Gidus & Kurniawan, 2025). Empirical findings (Judijanto, 2024; Radja, 2025) proves that profitability has a significant positive effect on company value because it reflects efficient resource management and attractive future prospects for investors. Similar findings were also expressed by Anggraini & Santoso, (2025). In the commodity-based sector, profitability exerts a more dominant positive influence on firm value compared to non-financial signals (CSR).
H2: Profitability has a positive effect on firm value
Capital structure affects firm value
Capital structure is a financing decision that affects a company's value through the composition of debt and equity. (Missy et al., 2025). Based on Trade-Off Theory, debt can increase firm value through the tax shield; however, excessive debt actually causes it to decline due to bankruptcy risk and agency costs. (Anggraini & Santoso, 2025), Meanwhile, the Pecking Order Theory states that companies prioritize internal funds over debt and new equity due to information asymmetry. (Izza et al., 2025). Empirical findings are inconsistent: Margini and Kusumawati (2023) found a significant effect, while Niar et al.,(2026) did not find a significant effect on firm value. In commodity-dependent sectors, capital structure does not significantly affect firm value because investors rely more on fundamentals and commodity price prospects than on leverage levels.
H3: Capital structure affects company value,

3. Methodology

This study employs a quantitative method grounded in the philosophy of positivism specifically, research that tests hypotheses using numerical data and statistical analysis. (Sugiyono, 2020). The data used is secondary data consisting of financial reports and sustainability reports from mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2025 period, obtained from the official website www.idx.co.id. The study population consists of all 76 mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. The sample was selected using a purposive sampling (Yansen et al., 2022) technique based on criteria requiring companies to consistently publish financial and sustainability reports and to generate consecutive profits, resulting in a sample of 24 companies and a total of 120 observations.
Data analysis was conducted using IBM SPSS Statistics version 27, comprising descriptive statistics, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), and panel data regression analysis. Hypothesis testing was performed using the coefficient of determination, F-test, and t-test, based on the model: $PBV = \alpha + \beta_1 CSR + \beta_2 ROA + \beta_3 DER + \varepsilon$. The dependent variable, firm value, was proxied by the Price to Book Value (PBV) ratio. (Situmorang, 2019) CSR is measured using the Corporate Social Responsibility Disclosure Index (CSRDI) based on the 2021 GRI Standards. (Ningtyas et al., 2022), Profitability is proxied by Return on Assets (ROA). (Awliya, 2022) and capital structure is measured by the Debt to Equity Ratio (DER) (Yuniati, 2021).

4. Result and Discussion

Table 1. Descriptive Statistical Test Results

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
CSR	120	0,17	1	0,6423	0,20947
ROA	120	0,01	0,8	0,1143	0,1403
DER	120	0,04	5,53	0,9482	0,84919
PBV	120	0,23	10,4	1,8576	1,89513

Source: Processed data, 2026

Based on Table 4.1, this study utilizes data from 120 firm-year observations from 24 companies listed on the Indonesia Stock Exchange during the 2021–2025 period. The Corporate Social Responsibility (CSR) Disclosure variable ranges from a minimum of 0.17 to a maximum of 1.00, with a mean of 0.6423, indicating that companies generally disclosed approximately 64.23% of CSR indicators. The standard deviation of 0.20947 is lower than the mean, suggesting that CSR disclosure levels across companies are relatively homogeneous. Meanwhile, the profitability variable, proxied by Return on Assets (ROA), falls within the range of 0.01 to 0.80. The mean ROA of 0.1143 indicates that companies are able to generate profit amounting to approximately 11.43% of their total assets; however, the standard deviation of 0.14030 which is slightly higher than the mean indicates significant variation in profitability among the companies.

The capital structure variable, measured by the Debt to Equity Ratio (DER), ranges from a minimum of 0.04 to a maximum of 5.53. The mean DER of 0.9482 indicates debt usage equivalent to approximately 94.82% of equity, with a standard deviation of 0.84919 (lower than the mean), suggesting that the data distribution is relatively concentrated. Finally, the firm value variable, proxied by the Price to Book Value (PBV), ranges from 0.23 to 10.40. The mean PBV of 1.8576 indicates that the market value of the companies is approximately 1.86 times higher than their book value; however, the standard deviation of 1.89513 which exceeds the mean indicates substantial variation in firm value among the sampled companies.

Table 2. Classical Assumption Test Results

Variabel	Collinearity Statistic		Uji Spearman Rho	Kolmogorov-Smirnov	Durbin-Watson
	Tolerance	VIF			
CSR	0,943	1,060	0,093		
ROA	0,964	1,038	0,786		
DER	0,978	1,022	0,927		
Asymp. Sig. (2-tailed)				0,055	
dW					1,963
dW test Du < Dw < 4-Du = 1,7536 < 1,963 < 2,2464					

Source: Processed data, 2026

The first classical assumption test is the normality test, which aims to ensure that the residual data in the regression model are normally distributed. In this study, the normality test was conducted using the One-Sample Kolmogorov-Smirnov Test approach; the regression model is considered to satisfy the normality assumption if the resulting Asymp. Sig. (2-tailed) value

exceeds the 0.05 significance level. Based on the test results presented in Table 4.2, the Asymp. Sig. (2-tailed) value was 0.055, a figure higher than the 0.05 threshold. Similarly, the Monte Carlo Sig. (2-tailed) result showed a significance value of 0.060, which also exceeds the established significance level. Based on these two values, it can be concluded that the residuals in the regression model are normally distributed; thus, the normality assumption is met, and the regression model is suitable for further analysis.

The subsequent test is the heteroscedasticity test, conducted to identify the presence or absence of unequal variances in the regression model's residuals. This test employs Spearman's Rho, with the criterion that the model is considered free from heteroscedasticity if the significance value (Sig. 2-tailed) is greater than 0.05. Referring to the results in Table 4.2, the Corporate Social Responsibility (CSR) Disclosure variable obtained a significance value of 0.093, the profitability (ROA) variable 0.786, and the capital structure (DER) variable 0.927. All three figures exceed the 0.05 significance level, indicating no significant relationship between any of the independent variables and the residual values. Consequently, the regression model in this study does not exhibit heteroscedasticity and satisfies the homoscedasticity assumption.

The multicollinearity test is the third test, aimed at determining whether there is high correlation among the independent variables within the regression model. This test was conducted by examining the Tolerance and Variance Inflation Factor (VIF) values; a model is considered free from multicollinearity if the Tolerance value exceeds 0.10 and the VIF value is less than 10. Based on the results presented in Table 4.2, the CSR variable has a Tolerance value of 0.943 and a VIF of 1.060; the profitability variable (ROA) has a Tolerance value of 0.964 and a VIF of 1.038; and the capital structure variable (DER) has a Tolerance value of 0.978 and a VIF of 1.022. All independent variables exhibit Tolerance values above 0.10 and VIF values below 10; thus, it can be concluded that the regression model is free from multicollinearity. Consequently, there is no high correlation among the independent variables, making the model suitable for regression analysis.

The final classical assumption test performed was the autocorrelation test using the Durbin–Watson method, which yielded a value of 1.963. Given that this study involves 120 observations (n) and three independent variables (k), the upper limit value (dU) is 1.7536, and the value of 4 − dU is 2.2464. The Durbin–Watson value of 1.963 falls within the range between dU and 4 − dU (i.e., 1.7536 < 1.963 < 2.2464). Based on the decision-making criteria for the Durbin–Watson test, this result indicates that the regression model is free from autocorrelation. Thus, all classical assumptions have been met, rendering the model suitable for panel data regression analysis, including the hypothesis testing described in the subsequent subsection.

Table 3. Hypothesis test results for Model 1

Hipotesis	Variabel	β	t	sig.	Hypothesis Results
	Constant	2,915	4,771	0	
H1	CSR	-1,692	-2,030	0,045	Supported
H2	ROA	2,659	2,159	0,033	Supported
H3	DER	-0,289	-1,431	0,155	Not Supported
N		120			
Adjusted R Square		0,162 (16,2%)			
F		2,940 (Sig. 0,036)			
Research Model		$PBV = \alpha + \beta_1 CSR + \beta_2 ROA + \beta_3 DER + \varepsilon$			

Source: Processed data, 2026

Based on Table. 3, the results of the panel data regression analysis can be visualized through the equation PBV = 2.915 – 1.692 CSR + 2.659 ROA – 0.289 DER, which demonstrates that the three independent variables Corporate Social Responsibility (CSR) Disclosure, profitability, and capital structure exhibit differing directional relationships with firm value. The constant of 2.915 indicates that if all independent variables were zero, the firm value would stand at 2.915. Meanwhile, the regression coefficient for the CSR variable is -1.692, indicating that any increase in Corporate Social Responsibility disclosure tends to decrease firm value by 1.692 units, assuming other variables remain constant. Conversely, the profitability variable proxied by ROA has a coefficient of 2.659, meaning that an increase in profitability drives up firm value by 2.659 units, provided other variables are held constant. Finally, the capital structure variable, measured by DER, shows a regression coefficient of -0.289; thus, any increase in capital structure results in a decrease in firm value of 0.289 units, assuming all other variables remain unchanged.

The coefficient of determination test (Adjusted R^2) is used to measure the extent to which independent variables explain the variation in the dependent variable. The coefficient of determination value ranges from 0 to 1; the higher the value, the greater the proportion of variation in the dependent variable explained by the independent variables within the research model (Ghozali, 2018). Based on Table 4.3, the coefficient of determination result is 0.162, indicating that the variables of CSR, profitability, and capital structure explain 16.2% of the variation in firm value, while the remaining 83.8% is influenced by factors not included in this study. Furthermore, the simultaneous test (F-test) is used to determine whether all independent variables collectively exert a significant influence on the dependent variable. The model is considered valid for use if the F-test significance value is less than 0.05 (Ghozali, 2018). Table 4.3 shows that the simultaneous test yielded a significance value of 0.036—which is less than 0.05 leading to the conclusion that the variables of Corporate Social Responsibility (CSR) Disclosure, profitability (ROA), and capital structure (DER) simultaneously influence firm value (PBV); thus, the regression model employed is valid.

Meanwhile, the partial test (t-test) is used to examine the extent of the influence of each independent variable individually on the dependent variable, with a variable deemed to have a significant effect if its significance value is less than 0.05. Based on Table 4.3, the partial hypothesis test results show that the Corporate Social Responsibility (CSR) Disclosure variable obtained a significance value of 0.045 (< 0.05), indicating a negative and significant effect on firm value; consequently, hypothesis H1 is supported. The profitability variable (ROA) has a significance value of 0.033 (< 0.05), meaning it has a positive and significant effect on firm value; thus, hypothesis H2 is supported. Meanwhile, the capital structure variable (DER) yielded a significance value of 0.155 (> 0.05), indicating that capital structure does not affect firm value; consequently, hypothesis H3 is not supported.

4.1 Discussion

The Influence of Corporate Social Responsibility on Firm Value

The first hypothesis, which states that CSR disclosure influences firm value, is supported, as the analysis results show a significance level of 0.045 (<0.05) with a negative regression coefficient of −1.692. This finding indicates that more extensive CSR information disclosure is associated with lower firm value (PBV). Importantly, because the construct measured in this study is the intensity of CSR disclosure (CSRDI), and not the amount of resources actually allocated to CSR activities, this negative coefficient must be interpreted cautiously. The finding

does not directly prove that investors view CSR implementation as a cost burden. Rather, it suggests that in the context of the Indonesian mining sector, the market responds unfavorably to broader CSR information disclosure. Although the direction is opposite to legitimacy and stakeholder theories, the hypothesis remains supported because the effect is significant. This finding aligns with Anggraeni et al., (2024) dan Zulfiqar et al., (2025) ...which states that CSR activities require substantial funds, leading investors to view them as a cost burden that depresses profits and reduces resource efficiency. Consequently, more extensive CSR disclosure does not necessarily boost investor confidence; in fact, it tends to lower firm value.

The Effect of Profitability on Firm Value

The second hypothesis, which states that profitability has a positive effect on firm value, is supported, as the test results show a positive regression coefficient of 2.659 with a significance level of 0.033 (<0.05). This means that the higher a company's profit-generating ability, the higher its value. This finding aligns with Pitaloka & Setyabudi, (2025) ...which states that profitability is a factor capable of enhancing firm value, as companies able to generate profit from their assets instill confidence in investors regarding favorable prospects and higher investment returns. This boosts demand for shares, thereby driving up share prices and firm value. In the context of Signaling Theory, high profitability serves as a positive signal (good news) indicating that the company is financially healthy, capable of generating sustainable profits, and carries relatively low risk. Thus, the study's findings align with Signaling Theory, wherein information regarding strong financial performance acts as a positive signal for investors and serves to increase firm value.

The Effect of Capital Structure on Firm Value

The third hypothesis, which states that capital structure influences firm value, is not supported, as the analysis results show no significant effect. This means that the proportion of a company's debt is not able to significantly influence firm value, as investors assess not only capital structure but also other factors such as profitability, growth prospects, and business conditions. This finding aligns with Silitonga et al. (2025) ...which states that capital structure does not affect firm value, as investors focus more on fundamental conditions than on debt levels. Although the Trade-Off Theory conceptually suggests that debt can enhance firm value at an optimal capital structure, debt also entails financial risks that influence investor perception. Consequently, capital structure has not significantly boosted firm value, given that investors prioritize business prospects, profitability, and performance sustainability over debt levels.

5. Conclusion and Suggestion

Based on the data analysis and discussion regarding the influence of Corporate Social Responsibility (CSR) Disclosure, profitability, and capital structure on firm value specifically for mining sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period it is concluded that these three variables exert varying effects on firm value. First, CSR has a significant negative impact on firm value; this indicates that extensive CSR disclosure tends to elicit a negative market response, thereby driving down firm value. We interpret this as a negative investor response to broader CSR information disclosure in the mining sector, potentially consistent with a cost-burden perception, symbolic disclosure, or reverse-causality dynamics rather than as direct proof of any single mechanism. Second, profitability proxied by Return on Assets (ROA) has a significant positive impact on firm value; a company's superior ability to generate profit through asset utilization boosts investor confidence in its

prospects, ultimately enhancing firm value. Third, capital structure proxied by the Debt-to-Equity Ratio (DER) does not significantly affect firm value. This indicates that the level of debt usage is not a primary factor for investors when valuing the company, as they tend to prioritize other elements such as profitability, growth prospects, and the sustainability of corporate performance.

Based on these findings, several recommendations are offered to relevant stakeholders. Mining companies are advised to design CSR programs that prioritize long-term value creation such as community empowerment, environmental management, and increased transparency in CSR activity disclosure so that both economic benefits and corporate reputation can bolster investor confidence; furthermore, companies must continue to enhance profitability through efficient asset management to boost firm value. For investors, these findings serve as a valuable reference for investment decision-making; investors are encouraged not to focus solely on CSR disclosure levels and capital structure but also to consider profitability and other fundamental factors that influence firm value. Future researchers are advised to expand the scope of the study to other industrial sectors or extend the observation period to obtain more comprehensive results. Additionally, it is recommended to incorporate other variables hypothesized to influence firm value such as firm size, liquidity, dividend policy, firm growth, corporate governance, and macroeconomic variables given that the current research model explains only 16.2% of the variation in firm value, with the remaining 83.8% attributed to factors outside the model.

6. Limitations and Future Research

This study has several limitations. First, the scope covering mining sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2025 does not reflect conditions across the entire sector. Second, the model's explanatory power regarding firm value is low; the Adjusted R-squared value is only 16.2%, meaning that CSR, profitability, and capital structure variables explain only a small fraction of the variation in firm value, while the remaining 83.8% is influenced by factors outside the model. Third, capital structure measured by the Debt-to-Equity Ratio (DER) showed no significant effect, suggesting that this proxy failed to capture the complexities of financing decisions. Fourth, the initial data were not normally distributed, necessitating data transformation, which influenced the interpretation of the results. Furthermore, the findings are specific to the mining sector characterized by high capital intensity and sensitivity to global commodity prices so generalizing the results to other sectors requires caution.

Future research should expand the scope to include other industrial sectors and extend the observation period to ensure more comprehensive and comparable results across sectors. Researchers could also incorporate additional variables that influence firm value but were excluded from this model such as firm size, liquidity, dividend policy, corporate governance, or macroeconomic factors given that the current model explains only 16.2% of the variation in firm value. Since capital structure was not significant, future studies might employ more varied proxies or introduce moderating and mediating variables. The use of more advanced analytical methods, such as panel data analysis, is also recommended to enhance the accuracy of the results. Finally, regarding the finding that CSR disclosure negatively affects firm value, future research could examine the factors that would enable investors to appreciate the long-term value of CSR, thereby allowing social responsibility programs to create value and sustainably boost investor confidence.

Declaration of AI and AI-assisted technologies in the writing process (if author[s] utilize AI)

During the preparation of this manuscript, the authors used AI-assisted writing tools to support language refinement, improve sentence clarity, enhance academic coherence, and assist in organizing several sections of the manuscript. The AI tools were used only for editorial and linguistic purposes and did not replace the authors' intellectual contribution, conceptual development, research design, data analysis, interpretation of findings, or final academic judgment. All content generated or refined with the assistance of AI was carefully reviewed, verified, edited, and approved by the authors. The authors take full responsibility for the accuracyDuring the preparation of this manuscript, the authors used AI-assisted writing tools to support language refinement, improve sentence clarity, enhance academic coherence, and assist in organizing several sections of the manuscript. The AI tools were used only for editorial and linguistic purposes and did not replace the authors' intellectual contribution, conceptual development, research design, data analysis, interpretation of findings, or final academic judgment.All content generated or refined with the assistance of AI was carefully reviewed, verified, edited, and approved by the authors. The authors take full responsibility for the accuracy, integrity, originality, and validity of the final manuscript.

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